Village of Carbon

Consolidated Financial Statements

For the Year Ended December 31, 2022

VILLAGE OF CARBON

DECEMBER 31, 2022

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MANAGEMENT'S RESPONSBILITY FOR FINANCIAL REPORTING

Management of the Village of Carbon is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Village's financial position as at December 31, 2022 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

Village Council meets annually with management and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council is also responsible for the engagement or re-appointment of the external auditors. The Village Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Gregory, Harriman & Associates LLP, Chartered Professional Accountants, independent external auditors appointed by the Village. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Village's consolidated financial statements.

_____

Chief Administrative Officer
April 17, 2023

GREGORY HARRIMAN & ASSOCIATES LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the consolidated financial statements of Village of Carbon (the Village), which comprise the consolidated statement of financial position as at December 31, 2022, and the results of its operations, changes in its net financial assets (debt) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Carbon as at December 31, 2022, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian

generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Gregory, Harriman & Associates LLP

Strathmore, Alberta
April 17, 2023

Gregory, Harriman & Associates LLP
Chartered Professional Accountants

Village of Carbon
Consolidated Statement of Financial Position
As at December 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents *(Note 2)*	$ 63,896	$ 103,519
Taxes and grants in place receivable *(Note 3)*	9,674	18,950
Trade and other accounts receivable *(Note 4)*	60,720	116,498
Goods and Services Tax receivable	6,509	10,835
Investments *(Note 5)*	87,238	86,717
Land inventory held for resale	24,057	27,482
Other financial assets	6,704	6,388
	258,798	370,389
LIABILITIES		
Accounts payable and accrued liabilities *(Note 14)*	70,150	161,083
Deposit liabilities	5,433	6,145
Deferred revenue *(Note 6)*	101,735	151,038
Long term debt *(Notes 8, 9)*	204,043	293,394
	381,361	611,660
NET FINANCIAL ASSETS (DEBT)	(122,563)	(241,271)
NON-FINANCIAL ASSETS		
Commercial land inventory	20,029	20,029
Prepaid expense *(Note 15)*	21,000	10,500
Tangible capital assets (Schedule 2)	5,659,577	5,801,718
	5,700,606	5,832,247
ACCUMULATED SURPLUS (Schedule 1) *(Note 11)*	$ 5,578,043	$ 5,590,976

CONTINGENCIES *(Note 13)*

COMMITMENTS *(Note 15)*

Approved by: _____ Mayor _____ Chief Administrative Officer

The accompanying notes form an integral part of these financial statements.

Village of Carbon
Consolidated Statement of Operations
For the Year Ended December 31, 2022

	Budget (Unaudited)	**2022**	2021
REVENUE			
Net municipal property taxes (Schedule 3)	*$ 447,087*	**$ 455,500**	$ 426,400
Sale of goods and user charges	*536,960*	**604,314**	568,514
Penalties and costs on taxes	*8,800*	**7,886**	9,293
Licenses and permits	*6,500*	**7,634**	7,109
Franchise and concession contracts	*64,106*	**49,283**	35,427
Investment income	*3,500*	**2,626**	4,745
Government transfers (Schedule 4)	*216,599*	**168,532**	196,845
Other revenues	*19,150*	**4,214**	1,811
Parkview Lodge	*73,594*	**73,576**	77,651
TOTAL REVENUE	*1,376,296*	**1,373,565**	1,327,795
EXPENSES (Schedule 5)			
Legislative	*38,150*	**41,474**	46,970
Administration	*414,835*	**472,751**	418,086
Protective services	*53,267*	**89,839**	88,813
Roads, streets, walks and lighting	*310,185*	**435,652**	426,968
Water supply and distribution *(Note 14)*	*166,200*	**198,613**	190,661
Wastewater treatment and disposal	*21,500*	**60,750**	52,046
Waste management	*53,151*	**50,667**	52,447
Planning and development	*15,081*	**26,763**	110,145
Public health and welfare	*7,965*	**7,942**	6,425
Recreation, parks and culture	*146,625*	**274,267**	197,522
Loss on disposal of tangible capital asset	-	**20,350**	19,568
Parkview Lodge	*66,677*	**60,947**	65,181
TOTAL EXPENSES	*1,293,636*	**1,740,015**	1,674,832
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	*82,660*	**(366,450)**	(347,037)
OTHER			
Government transfers for capital (Schedule 4)	*118,615*	**353,517**	363,180
TOTAL OTHER INCOME	*118,615*	**353,517**	363,180
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	*201,275*	**(12,933)**	16,143
ACCUMULATED SURPLUS, BEGINNING OF YEAR	*5,590,976*	**5,590,976**	5,574,833
ACCUMULATED SURPLUS, END OF YEAR	*$ 5,792,251*	**$ 5,578,043**	$ 5,590,976

The accompanying notes form an integral part of these financial statements.

Village of Carbon
Consolidated Statement of Change in Net Financial Assets (Debt)
For the Year Ended December 31, 2022

	Budget (Unaudited)	**2022**	2021
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	*$ 201,275*	**$ (12,933)**	$ 16,143
Acquisition of tangible capital assets (Schedule 2)	*(54,000)*	**(142,877)**	(398,507)
Proceeds on disposal of tangible capital assets	-	**20,798**	24,500
Amortization of tangible capital assets (Schedule 2)	-	**243,870**	246,649
Loss on disposal of tangible capital assets	-	**20,350**	19,568
Acquisition of commercial lot	-	-	(20,029)
Acquisition of prepaid expense	*(10,500)*	**(10,500)**	(10,500)
	(64,500)	**131,641**	(138,319)
INCREASE (DECREASE) IN NET ASSETS	*136,775*	**118,708**	(122,176)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	*(241,271)*	**(241,271)**	(119,095)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	*$ (104,496)*	**$ (122,563)**	$ (241,271)

The accompanying notes form an integral part of these financial statements.

Village of Carbon
Consolidated Statement of Changes in Cash Flows
For the Year Ended December 31, 2022

	2022	2021
NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS RELATED TO THE FOLLOWING ACTIVITIES:		
Operating		
Excess (shortfall) of revenue over expenses	$ (12,933)	$ 16,143
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization of tangible capital assets	243,870	246,649
Loss on sale of tangible capital assets	20,350	19,568
	251,287	282,360
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	9,276	16,621
Decrease (increase) in trade and other receivables	55,778	(53,187)
Decrease (increase) in Goods and Services Tax receivable	4,326	19,845
Decrease (increase) in land held for resale	3,425	76,500
Decrease (increase) in other financial assets	(316)	(207)
Increase (decrease) in accounts payable and accrued liabilities	(90,933)	93,833
Increase (decrease) in deposit liabilities	(712)	2,250
Increase (decrease) in deferred revenue	(49,303)	37,554
Decrease (increase) in commercial lot inventory	-	(20,029)
Decrease (increase) in prepaid expenses	(10,500)	(10,500)
Cash provided by operating transactions	172,328	445,040
Capital		
Acquisition of tangible capital assets	(142,877)	(398,507)
Sale of tangible capital asset	20,798	24,500
Cash applied to capital transactions	(122,079)	(374,007)
Investing		
Decrease (increase) in restricted cash	50,536	43,018
Decrease (increase) in investments	(521)	(3,789)
Cash provided by (applied to) investing transactions	50,015	39,229
Financing Activities		
Long term debt repaid	(89,351)	(84,300)
Long term debt issued	-	43,040
Cash provided by (applied to) financing transactions	(89,351)	(41,260)
Change in cash and cash equivalents, during the year	10,913	69,002
Cash and cash equivalents, beginning of the year	33,053	(35,949)
Cash and cash equivalents, end of the year	$ 43,966	$ 33,053
Cash and cash equivalents is made up of *(Note 2)* :		
Cash and cash equivalents	$ 63,896	$ 103,519
Less: restricted portion of cash *(Note 2)*	(19,930)	(70,466)
	$ 43,966	$ 33,053

The accompanying notes form an integral part of these financial statements.

Village of Carbon
Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2022
(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
BALANCE, BEGINNING OF YEAR	$ (76,321)	$ 138,937	$ 5,528,360	**$ 5,590,976**	$ 5,574,833
Excess of revenue over expenses	(12,933)	-	-	**(12,933)**	16,143
Unrestricted funds designated for future use	(16,575)	16,575	-	-	-
Current year funds used for tangible capital assets	(142,877)	-	142,877	-	-
Annual amortization expense	243,870	-	(243,870)	-	-
Capital long term debt repaid	(81,883)	-	81,883	-	-
Disposal of tangible capital assets	41,148	-	(41,148)	-	-
Change in accumulated surplus	30,750	16,575	(60,258)	**(12,933)**	16,143
BALANCE, END OF YEAR	$ (45,571)	$ 155,512	$ 5,468,102	**$ 5,578,043**	$ 5,590,976

The accompanying notes form an integral part of these financial statements.

Village of Carbon
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2022
(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2022	2021
COST:								
BALANCE, BEGINNING OF YEAR	$ 613,941	$ 1,081,108	$ 1,694,989	$ 5,662,386	$ 563,598	$ 328,165	**$ 9,944,187**	$ 9,603,160
Acquisition of tangible capital assets	-	9,138	-	99,171	34,568	-	**142,877**	376,907
Construction-in-process	-	-	-	-	-	-	**-**	21,600
Disposal of tangible capital assets	-	-	-	(57,977)	(39,978)	-	**(97,955)**	(57,480)
BALANCE, END OF YEAR	613,941	1,090,246	1,694,989	5,703,580	558,188	328,165	**9,989,109**	9,944,187
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	260,596	793,653	2,463,346	414,562	210,312	**4,142,469**	3,909,232
Annual amortization	-	49,004	39,587	122,803	18,923	13,553	**243,870**	246,649
Accumulated amortization on disposals	-	-	-	(25,902)	(30,905)	-	**(56,807)**	(13,412)
BALANCE, END OF YEAR	-	309,600	833,240	2,560,247	402,580	223,865	**4,329,532**	4,142,469
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	$ 613,941	$ 780,646	$ 861,749	$ 3,143,333	$ 155,608	$ 104,300	**$ 5,659,577**	$ 5,801,718
2021 Net Book Value of Tangible Capital Assets	$ 613,941	$ 820,512	$ 901,336	$ 3,199,040	$ 149,036	$ 117,853	$ 5,801,718	

The accompanying notes form an integral part of these financial statements.

Village of Carbon
Schedule of Property and Other Taxes
For the Year Ended December 31, 2022
(Schedule 3)

	Budget (Unaudited)	2022	2021
TAXATION			
Real property taxes	*$ 542,629*	**$ 546,995**	$ 519,674
Linear property taxes	*11,242*	**15,206**	9,874
	553,871	**562,201**	529,548
REQUISITIONS			
Alberta School Foundation Fund	*105,156*	**105,156**	101,666
Kneehill Housing Corporation	*1,545*	**1,545**	1,482
Designated Industrial Property	*83*	**-**	-
	106,784	**106,701**	103,148
NET MUNICIPAL TAXES	*$ 447,087*	**$ 455,500**	$ 426,400

Village of Carbon
Schedule of Government Transfers
For the Year Ended December 31, 2022
(Schedule 4)

	Budget (Unaudited)	**2022**	2021
TRANSFERS FOR OPERATING			
Provincial Government	*$ 135,454*	**$ 87,387**	$ 116,556
Other Local Governments	*81,145*	**81,145**	80,289
	216,599	**168,532**	196,845
TRANSFERS FOR CAPITAL			
Provincial Government	*118,615*	**353,517**	363,180
	118,615	**353,517**	363,180
TOTAL GOVERNMENT TRANSFERS	*$ 335,214*	**$ 522,049**	$ 560,025

Village of Carbon
Schedule of Consolidated Expenses by Object
For the Year Ended December 31, 2022
(Schedule 5)

	Budget (Unaudited)	2022	2021
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits *(Note 12)*	*$ 489,611*	**$ 526,410**	$ 485,512
Contracted and general services *(Note 14)*	*416,433*	**476,188**	444,968
Materials, goods, supplies and utilities	*304,281*	**369,583**	410,099
Transfers to individuals and organizations	*46,246*	**46,844**	46,137
Interest on capital long term debt	*4,000*	**7,236**	5,942
Amortization of tangible capital assets	-	**243,870**	246,649
Loss on disposal of tangible capital asset	-	**20,350**	19,568
Other expenses	*33,065*	**49,534**	15,957
	$ 1,293,636	**$ 1,740,015**	$ 1,674,832

The accompanying notes form an integral part of these financial statements.

1) Significant Accounting Policies

The Village of Carbon (the "Village") is a Municipality in the Province of Alberta. The consolidated financial statements are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of these accounting policies adopted by the Village are as follows:

A. Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial resources. Included with the municipality are the following:

Parkview Lodge of Carbon

The schedule of taxes levied also includes operating requisitions for educational and other external organizations that are not part of the municipal reporting entity. Interdepartmental and organizational transactions and balances are eliminated.

B. Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

C. Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets is an area where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

(Continues...)

Significant Accounting Policies *(Continued)*

D. Investments

Investments are recorded at cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investment. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

E. Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. In situations where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and reflected in property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any excess collections or under-levies of the prior year.

F. Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

G. Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

H. Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

I. Land Inventory Held for Resale

Land inventory held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective functions.

(Continues...)

Significant Accounting Policies *(Continued)*

J. Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value of the tangible capital asset, is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Land improvements	10-45
Buildings	25-50
Engineered structures	
Roadway system	5-65
Water distribution system	45-75
Wastewater treatment system	45-75
Machinery, equipment and furnishings	5-40
Vehicles	10-40

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. Assets under capital lease are included within the respective tangible capital asset classification. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

2) Cash and Cash Equivalents

	2022	2021
Parkview Lodge of Carbon	$ 45,064	$ 27,246
Cash	18,782	76,223
Petty cash	50	50
	$ 63,896	$ 103,519

The Village received Government grants that are restricted in their use and are to be utilized as funding for capital projects. Since projects have not been completed for which the funding has been received $14,497 (2021 - $64,321) is not available for general use by the Village. *(Note 6)*

Included in cash is $5,433 (2021 - $6,145) of deposit liability funds which are not available for current purposes.

The Village of Carbon has an overdraft limit of $300,000, bearing interest at prime with an effective rate of 6.45%, of which $300,000 remains unused at December 31, 2022. Bank overdraft is issued on the credit and security of the Village at large.

3) Taxes and Grants in Place Receivable

	2022	2021
Current taxes and grants in place	$ 7,707	$ 17,846
Tax arrears and grants in place	1,967	1,104
	$ 9,674	$ 18,950

4) Trade and Other Accounts Receivable

	2022	2021
Water and sewer receivable	$ 45,489	$ 46,277
Accounts receivable - other	8,513	923
Accounts receivable - cost recovery	6,718	8,622
Grant receivable	-	60,676
	$ 60,720	$ 116,498

5) Investments

	2022	2021
Term deposit	$ 87,238	$ 86,717

The term deposit represents Connect First Credit Union investment certificate that bears interest of 3.20% and matures in April 2024. The Village received Government grants that are restricted in their use and are to be utilized as funding for capital projects. Since projects have not been completed for which the funding has been received $87,238 (2021 - $86,717) is not available for general use by the Village.

6) Deferred Revenue

	2022	2021
Municipal Sustainability Initiative - Capital	$ 75,295	$ 136,541
Canada Community Building Fund	14,183	-
Kneehill County - Fire Agreement	9,750	9,750
Parkview - Canada Mortgage and Housing Corporation	2,507	4,747
	$ 101,735	$ 151,038

All of the unexpended funds held in deferred revenue are supported by temporary investments as noted in Note 2.

7) Contaminated Sites Liability

The Village has adopted PS3260 Liability for Contaminated Sites. The Village did not identify any financial liabilities in 2022 (2021 - nil) as a result of this standard.

8) Long Term Debt

	2022	2021
Connect First Credit Union loan	$ 103,233	$ 164,899
Kubota tractor capital lease	64,333	86,378
Kubota skid steer capital lease	36,477	42,117
	204,043	293,394
Less: Current portion	(89,864)	(89,351)
	$ 114,179	$ 204,043

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2023	89,864	7,987	97,851
2024	70,285	3,796	74,081
2025	25,382	790	26,172
2026	6,355	467	6,822
2027	6,548	274	6,822
Thereafter	5,609	77	5,686
	$ 204,043	$ 13,391	$ 217,434

The bank loan payable at the Connect First Credit Union bears an interest rate of Connect First Credit Union prime less 0.5% with an effective rate of 5.95% and is payable annually. Maturity date of loan is October 1, 2024.

There are two Kubota equipment lease contracts payable to Kubota Canada Ltd.

Tractor lease bears an interest rate of 1.54%, is payable monthly with a maturity date of lease is October 2025. The lease is secured by an asset with a net book value of $101,957.

Skid Steer lease bears in interest rate of 2.99%, is payable monthly with a maturity date of lease is November 2028. The lease is secured by an asset with a net book value of $60,786.

The bank loan is issued on the credit and security of the Village at large.

Interest on long term debt amounted to $7,236 (2021 - $5,942).

The Village's total cash payments for interest in 2022 were $7,236 (2021 - $5,942).

9) Debt Limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Carbon be disclosed as follows:

	2022	2021
Total debt limit (1.5 * total eligible revenue)	$ 1,949,984	$ 1,875,216
Total debt *(Note 2, 8)*	204,043	293,394
Unused total debt limit capacity	$ 1,745,941	$ 1,581,822
Service on debt limit (0.25 * total eligible revenue)	$ 324,997	$ 312,536
Service on debt (next years principal and interest due)	93,722	94,925
Unused service on debt limit capacity	$ 231,275	$ 217,611

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the consolidated financial statements must be interpreted as a whole.

10) Equity in Tangible Capital Assets

	2022	2021
Tangible capital assets (Schedule 2)	$ 9,989,109	$ 9,944,187
Accumulated amortization (Schedule 2)	(4,329,532)	(4,142,469)
Long term debt - Capital	(191,475)	(273,358)
	$ 5,468,102	$ 5,528,360

11) Accumulated Surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2022	2021
Unrestricted surplus (Schedule 1)	$ (45,571)	$ (76,321)
Restricted surplus (reserves)		
General Contingency - Operating	61,536	61,536
General Administrative - Capital	71,313	58,313
Parkview Lodge of Carbon	11,212	7,637
Fire Equipment - Capital	11,451	11,451
Equity in tangible capital assets *(Note 10)*	5,468,102	5,528,360
	$ 5,578,043	$ 5,590,976

12) Salary and Benefits Disclosure

Disclosure of salaries and benefits for elected municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits & Allowances (2)	**Total 2022**	Total 2021
Councilor Anderson, T.	$ 5,180	96	**$ 5,276**	$ 2,309
Councilor Lomond, M.	5,650	123	**5,773**	6,163
Councilor McHugh, B.	4,150	37	**4,187**	1,338
Councilor O'Brien, R.	3,370	2	**3,372**	4,507
Councilor Peever, B.	8,350	276	**8,626**	9,326
Councilor Clow, D.	-	-	-	3,540
Councilor Dunford, D.	-	-	-	3,721
Chief Administrative Officer (Van der Meer)	89,780	14,146	**103,926**	98,233
	$ 116,480	$ 14,680	**$ 131,160**	$ 129,137

(1) Salary includes regular base pay and any other direct cash remuneration, including vacation.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada pension plan (CPP), employment insurance (EI), health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

13) Contingencies

The Village is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of the membership, the Village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The Village is involved in litigation, regulatory and environmental matters in the ordinary course of business. The Village has been named in one legal claim, which are outstanding at year end. As of year end these matters are unresolved and the outcomes are not determinable, and therefore have not been accounted for.

14) Related Party Transactions

The Aqua 7 Regional Water Commission has been identified as a related party. The Village of Carbon has entered into an agreement with the Commission for a supply of water service.

Service fees are based on budgeted operating costs of the Commission. Water purchases are based on actual water consumption during the year. Fees and rates are reviewed by the Commission on an annual basis.

Service fees and water purchases paid to the Commission for 2022 were $146,790 (2021 - $138,841) for water purchases and $9,548 (2021 - $9,965) for the Village of Carbon's share of deficit.

Amount payable to the Commission at December 31, 2022 is $20,328 (2021 - $19,700).

15) Commitments

The Village is committed to make annual payments of $10,500 to Kneehill County for the next 13 years for the purchase of a Fire Engine Truck (Village's portion of asset will be 30%). Payments to December 31, 2022 have been recorded as a prepaid expense.

16) Budget Amounts

The 2022 budget for the Village was approved by Council June 2022 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and grants, deposit and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

Budget surplus per financial statements		$ 201,275
Less:	Capital expense	(54,000)
	Long-term debt repayments	(94,067)
	Transfers to reserves	(39,339)
	Kneehill County deposit	(10,500)
Equals:	Budgeted surplus	$ 3,369

The budgeted surplus is a result of the budget for Parkview Lodge of Carbon, which is consolidated into these financial statements.

17) Financial Instruments

The Village's financial instruments consist of cash, taxes and grants in place receivable, trade and other accounts receivable, investments, other financial assets, accounts payable and accrued liabilities, deposit liabilities, and long term debt. Unless otherwise noted, the fair values of these financial instruments approximates their carrying values.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Village is exposed to financial risk from interest rate differentials between market interest rates and the rates used on their financial instruments.

Credit Risk

The Village of Carbon is subject to credit risk with respect to taxes and grants in place of taxes receivable, and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village of Carbon provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

18) Comparative Figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

19) Approval of Financial Statements

Council and Management have approved these financial statements.